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Things You Control

Peak 65

Peak 65 refers to the largest retirement surge in U.S. history. Roughly 11,400 Americans are turning 65 every day—a demographic milestone that began to accelerate in 2024 and is expected to continue through 2027. Turning 65—and the few years surrounding it—brings Social Security, Medicare enrollment, and retirement planning to the forefront for most Americans, including those who are financially successful. Many make their social program decision relying on rules of thumb or advice from friends and family.

As an investment advisor, one of the clearest lessons I've learned is that generic rules of thumb often miss the mark. High-quality guidance only works when tailored to a specific situation, and the stakes are significant: these decisions are expensive, long-lasting, and often difficult to reverse. So, understanding a few key concepts may help you evaluate ***your*** path.

Social Security: For high earners, the maximum Social Security benefit in 2025 is about $5,100 per month if claimed at age 70. These payments last for life and receive annual inflation adjustments. In planning terms, the present value of this income stream is substantial—my software estimates it at roughly $1.4 million. Thinking of Social Security as the equivalent of owning a seven-figure asset highlights the importance of the claiming decision.

There are two common approaches to claiming social security:

- Maximize total lifetime benefits.
- Maximize the monthly benefit by delaying to age 70.

While maximizing lifetime benefits is intuitively appealing, the second approach can be even more valuable when viewed through a risk-management lens. Claiming at 70 provides a larger, guaranteed income stream later in life—precisely when your ability to work (if something goes wrong financially) is at its lowest.

Ultimately, the Social Security decision often comes down to this: Do you want the highest expected total payout, or the highest reliable income late in life?

Of course, this depends on assumptions, health, longevity expectations, and dozens of nuances. But, keeping your primary objective clear—maximize benefits or maximize security—can serve as a helpful North Star.

Medicare: Medicare choices are also one-time decisions (with limited exceptions). For higher-income individuals, total monthly premiums for Medicare and related coverage can exceed $1,000 per person in 2025—a non-trivial expense, roughly comparable to leasing a top-of-the-line luxury vehicle.

Broadly speaking, the choice often comes down to:

- Lower-premium Medicare Advantage plans, or

- Higher-premium Original Medicare + Medigap + Part D coverage.

At age 65—when most people are healthier than they will be—the lower-premium Advantage plans can seem appealing. The counterpoint is this: Do you want to navigate potential coverage restrictions later in life when your health needs are greatest? As the saying goes, "The well have many desires; the sick have only one."

Again, ***your*** right answer depends on personal assumptions, health profile, risk temperament etc. But, knowing your priority—lower cost now or more dependable coverage later—may give you a clearer direction.

Important Note: This commentary is not advice about what you should do. Instead, it's a thought framework to help you engage a qualified Social Security or Medicare expert.

While we are knowledgeable in these areas, we do not provide direct recommendations. So why are we as an investment advisor discussing these things? We discuss these topics because they directly influence how we design your investment portfolio and how we help you build reliable retirement income.

Why Things You Control are Important

In Investing (as in Life) we can: hope, worry or plan.

I believe that when we hope or worry, we are largely looking at the future and are focused on things we do not control. We hope the markets will get higher and we will make money. Or we worry that markets will collapse and we may lose all our money. And yet, deep down in our hearts, we know that whether our thoughts are optimistic or pessimistic they simply do not influence future outcomes.

We can also look at the future plan-fully. When we do this we tend to focus on the things that we do control. And, by picking activities that are in our control and that are important to our future we have a far better chance of achieving our goals. Of course, life holds few guarantees! So, for example, while we all hope that our favorite stock pick will be a high performing stock, not implementing a properly diversified portfolio is plainly irresponsible to our financial well-being.

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Our Financial Planning Principles

Without a Purpose, accumulating money can become a soul-less task. A financial plan gives your savings a purpose.

It's OK to be broke when you are young - not so when you are old: Studies show that people typically tolerate risk and uncertainty better when they are younger.

Getting down from Mount Everest is as important as getting up: Pay as much attention to accumulating money before you retire as you do to consuming it after you retire.

Planning is life-stage dependent: The principles of saving and investing money in your early years are very different from the techniques that you use in retirement to generate a reliable income stream.

Financial confidence comes from being on top of your taxes, protecting yourself from risks, having a clear picture of your investments and debt, and specific targets for saving and spending.

Achieving financial independence requires a careful balancing of Income, expenses, taxes, and savings. This balancing act (planning) is not intuitive, nor can it be done well on the back of an envelope, but effective plans do give more peace of mind.

Identify your true risks (in contrast to investment volatility, labelled as risk, or uncertainty) and take action to manage them using the correct risk management tools. Pick the right tools for the job - investments won't manage the risks you face, risk products (insurance) won't deliver the growth and flexibility you need.

Taxes remain important even after you retire. However, in retirement your investments become the principal source of your income and hence drive your taxes.

In matters of health: it's your body but your doctor knows better how your body works. So it is with your money: A partnership with an advisor will help you to reach your financial goals - you save, they help your savings grow. Together you can get there faster.